

MINUTE ITEM

20. ELECTRONIC DATA PROCESSING - STATE LANDS DIVISION - W.O. 3293.

Following presentation of Supplemental Calendar Item 16 attached,

UPON MOTION MADE BY COMMISSIONER CARR, SECONDED BY COMMISSIONER ANDERSON, AND CARRIED UNANIMOUSLY, THE FOLLOWING RECOMMENDATION WAS ADOPTED:

THE EXECUTIVE OFFICER IS AUTHORIZED TO SUBMIT A REQUEST TO THE DEPARTMENT OF FINANCE FOR A DEFICIENCY AUTHORIZATION IN THE AMOUNT OF \$35,840 AGAINST THE STATE LANDS ACT FUND, FOR THE PURPOSE OF PROVIDING FUNDS FOR THE INSTALLATION AND USE OF ELECTRONIC PROCESSING EQUIPMENT AT THE LOS ANGELES AND SACRAMENTO OFFICES OF THE DIVISION. EXPENDITURE OF THE FUNDS PROVIDED IS TO BE SUBJECT TO THE APPROVAL OF THE DEPARTMENT OF FINANCE. FURTHER, THE EXECUTIVE OFFICER IS AUTHORIZED TO ENTER INTO A CONTRACT WITH BENDIX CORPORATION TO PROVIDE ELECTRONIC COMPUTER AND PROGRAMMING AND ANALYSIS SERVICES AT A COST NOT TO EXCEED \$3,640.

Attachment

Supplemental Calendar Item 16
(3 pages)

SUPPLEMENTAL CALENDAR ITEM

16.

ELECTRONIC DATA PROCESSING - STATE LANDS DIVISION - W.O. 3293.

The Division of Organization and Cost Control, Department of Finance, have the feasibility of adopting electronic data processing to operations of the State Lands Division under study.

A preliminary report from Organization and Cost Control has concluded that data processing may effectively and profitably be applied in the State Lands Division to:

1. Civil and petroleum engineering problems, where the use of an electronic computer would materially reduce the time required currently to perform extended mathematical analyses.
2. Land Sales and Records work, where statistical tabulating would provide:
 - a. Rapid access to factual material relating to the State's public lands, presently or previously owned;
 - b. A nominal saving in clerical time; and
 - c. The correlation of information regarding the State's public lands, heretofore estimated as not economically feasible of accomplishment by manual methods.
3. Royalty accounting, where the computing of monthly royalties (based on average daily well production) due on 90-odd active oil and gas leases (approximately 1100 wells) could be reduced to mechanized computation and statement printing. The resulting time saving to the royalty accounting staff would permit absorption of a substantial increase in work load without a corresponding increase in staff.

It is recognized that other applications for the use of electronic equipment will develop. However, the foregoing represents the primary findings in the preliminary report by Organization and Cost Control.

With specific reference to the Land Sales and Records Section in Sacramento, Organization and Cost Control is preparing a report and proposes to recommend that a tabulating system be installed in the Section, which installation will:

1. Simplify work and make possible the immediate development of vital data essential to the management of the State's public lands. Thus, a necessary tool in land management will be afforded, the use of which over future years should be productive of additional revenues from these lands;
2. Provide a system, consisting in part of a conversion of present land records, at a nominal installation cost;

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3. Result in a saving of clerical time which can be devoted to a reduction of the section's present backlog and will make possible the absorption of a substantial portion of a constantly increasing work load.

The installation proposed for this section would consist of a Royal McBee Card Sort and Microfilm System which could be installed at an estimated cost of less than \$22,000. Operating costs are estimated by Organization and Cost Control at approximately \$8,100 annually.

Organization and Cost Control has further estimated that 13 weeks should suffice for the installation of the system. When the work is done, the Land Sales and Records Section should be able to develop rapidly any required information regarding unsold school lands.

Additionally, the Organization and Cost Control investigation into the use of electronic equipment for the other purposes heretofore mentioned, i.e., engineering activities and royalty accounting, has shown: The use of electronic computer equipment in the Civil Engineering Section would result in an estimated saving of approximately three man-years annually. According to Organization and Cost Control, this saving, of itself, would appear to justify the use of the equipment. Further justification was found, however, in the fact that the equipment can also be used to solve complex and, under present methods, time-consuming problems in the field of petroleum engineering. From this it is apparent that there is adequate justification for recommending an installation. However, to verify the findings further prior to a final recommendation, the Organization and Cost Control Division has suggested that State Lands enter into a short-term service agreement with Bendix Corporation. Under this agreement the Division would lease computer time and programming services. Such an agreement would permit the solving of actual engineering problems and also the development of comparative data for comparison of manual and electronic computation methods timewise.

It is the State Lands staff recommendation that this suggestion should be put into effect and that a contract along the lines outlined should be entered into, providing for such services over a period of three months.

These services would be paid for at the following rates:

<u>Description</u>	<u>Per Hour</u>
Electronic computer time	\$25.00
Programming and analysis services	15.00

Based on an estimate of an average of 10 hours computer time and two hours programming and analysis time weekly, these services could be obtained for a quarterly period (13 weeks) at a cost not to exceed \$3,640.

Organization and Cost Control also suggests that electronic methods be adapted, at a later time (preferably after a decision has been reached respecting the installation of a computer), to royalty accounting, which should require only nominal programming.

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In summary, in view of the findings of the Organization and Cost Control Division, and in anticipation of the recommendations, it appears desirable at this time:

1. To provide funds:

- a. For the purpose of financing the installation and the operation for a quarterly period during this fiscal year of a McBee Microfilm system in the Land Sales and Records Section at Sacramento at a cost estimated to be \$24,000
- b. To finance the following computer services at the Los Angeles office of the Division:
 - Contract services (one quarterly period) \$3,640
 - Computer rental (estimated five months this fiscal year, at \$1,520 per month) 7,600*
 - Computer installation costs 600*
 - Total computer services, Los Angeles \$11,840
 - Total estimated financing \$35,840

*These proposed expenditures, required for the program, are contingent on the findings and evaluation of the results obtained from the proposed contract services.

2. To authorize the Executive Officer to enter into a service contract with Bendix Corporation for computer services.

IT IS RECOMMENDED THAT THE EXECUTIVE OFFICER BE AUTHORIZED TO SUBMIT A REQUEST TO THE DEPARTMENT OF FINANCE FOR A DEFICIENCY AUTHORIZATION IN THE AMOUNT OF \$35,840 AGAINST THE STATE LANDS ACT FUND, FOR THE PURPOSE OF PROVIDING FUNDS FOR THE INSTALLATION AND USE OF ELECTRONIC PROCESSING EQUIPMENT AT THE LOS ANGELES AND SACRAMENTO OFFICES OF THE DIVISION. EXPENDITURE OF THE FUNDS PROVIDED IS TO BE SUBJECT TO THE APPROVAL OF THE DEPARTMENT OF FINANCE. IT IS FURTHER RECOMMENDED THAT THE EXECUTIVE OFFICER BE AUTHORIZED TO ENTER INTO A CONTRACT WITH BENDIX CORPORATION TO PROVIDE ELECTRONIC COMPUTER AND PROGRAMMING AND ANALYSIS SERVICES AT A COST NOT TO EXCEED \$3,640.